

WATER NSW'S REGULATED CHARGES FOR RURAL BULK WATER FOR 2020-21

The Independent Pricing and Regulatory Tribunal (IPART) is seeking comment from rural water users and other stakeholders before finalising Water NSW's regulated charges for rural bulk water services, which include the capture, storage and release of bulk water, in the nine Murray-Darling Basin (MDB) valleys and the Fish River Water Supply Scheme (Fish River) to apply from 1 July 2020 to 30 June 2021.

Under the draft decision released today, regulated charges would remain at current levels in real terms for the next financial year, only increasing by CPI. This draft decision is consistent with Water NSW's pricing application.

Under the *Water Charge (Infrastructure) Rules 2010*, IPART is required to consider whether to vary regulated charges annually to account for changes in water allocations, entitlements and sales, while balancing the objective of price stability. This is in addition to a comprehensive review and determination of Water NSW's regulated charges every four years.

IPART Chair Dr Paul Paterson said that although water availability and, consequently, water sales have been very low due to the severe and prolonged drought conditions across NSW, these conditions appear to be easing.

"The data provided by Water NSW shows that water allocations and sales have declined across seven valleys due to lower rainfall and water availability," Dr Paterson said.

"But when drought conditions eventually ease, water sales are expected to increase, so there is no reason to update prices at this time."

"In light of Water NSW's forecasts that water sales are likely to increase in 2020-21, our draft decision is to not update prices and therefore maintain price stability."

Dr Paterson said IPART would only consider updating prices in between comprehensive price reviews if it is likely to promote medium to longer term price stability by reducing the likely price impacts at future comprehensive reviews. The next comprehensive review of Water NSW's rural prices will consider a range of matters, including the efficient costs of delivering its services and how to forecast Water NSW's sales volumes, drawing on the latest and best available information on factors affecting water consumption in rural NSW. The next comprehensive review is due to commence in July 2020.

IPART is seeking comments from stakeholders on its Draft Report and Draft Approval. Submissions are due by 11 May 2020 and will be considered by IPART before final regulated charges are released in early June 2020, to apply from 1 July 2020 to 30 June 2021.